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86

SUN LIFE ASSURANCE COMPANY OF CANADA

THE DIRECTORS

SUN LIFE ASSURANCE COMPANY OF CANADA

GEORGE W. BOURKE, F.I.A., F.S.A.—*President*
GOVERNOR, MCGILL UNIVERSITY

HON. CHARLES A. DUNNING, P.C., LL.D.—*Vice-President*
CHANCELLOR, QUEEN'S UNIVERSITY

A. M. CAMPBELL, F.I.A., F.S.A.—*Executive Vice-President*
EXECUTIVE COMMITTEE (QUEBEC), CANADIAN RED CROSS

GORDON R. BALL—*President, Bank of Montreal*
GOVERNOR AND MEMBER, EXECUTIVE COMMITTEE, ROYAL
VICTORIA HOSPITAL

HON. F. PHILIPPE BRAIS, C.B.E., Q.C., LL.D.—*Director,*
Canadian Pacific Railway Company
GOVERNOR, THE MONTREAL CHILDREN'S HOSPITAL

ROSS CLARKSON—*Chairman of the Board, The Royal Trust*
Company
GOVERNOR, MCGILL UNIVERSITY

ARTHUR CROSS—*Director, Dominion Steel and Coal Cor-*
poration
HONORARY TREASURER, SHRINERS' HOSPITAL FOR CRIPPLED
CHILDREN

ALBERT S. FRASER—*President, The Eastern Trust Company*
GOVERNOR AND CHAIRMAN, FINANCE COMMITTEE, DALHOUSIE
UNIVERSITY

J. A. FULLER—*President, The Shawinigan Water and Power*
Company
GOVERNOR, MCGILL UNIVERSITY

A. E. GRAUER—*Chairman and President, British Columbia*
Electric Company Limited
MEMBER OF BOARD AND GOVERNOR, UNIVERSITY OF BRITISH
COLUMBIA

GEORGE GUND—*President, The Cleveland Trust Company*
MEMBER, BOARD OF OVERSEERS, HARVARD COLLEGE

R. D. HARKNESS, D.S.O., M.C.—*President, Northern Electric*
Company Limited
TRUSTEE, QUEEN'S UNIVERSITY

FREDERICK JOHNSON—*Chairman of the Board, The Bell*
Telephone Company of Canada
ADVISORY BOARD, WELFARE FEDERATION OF MONTREAL

ROSS H. McMASTER—*Chairman of the Board, The Steel Com-*
pany of Canada
ADVISORY BOARD, SALVATION ARMY

HON. HARTLAND DE M. MOLSON, O.B.E.—*President, Mol-*
son's Brewery Limited
GOVERNOR, MCGILL UNIVERSITY

CARL RIORDON—*Director, National Trust Company*
GOVERNOR, RIDLEY COLLEGE

R. E. STAVERT—*President, The Consolidated Mining & Smelt-*
ing Company of Canada Limited
LIFE GOVERNOR, MONTREAL GENERAL HOSPITAL

J. S. D. TORY, O.B.E., Q.C.—*Director, The Royal Bank of Canada*
GOVERNOR, UNIVERSITY OF TORONTO

Goodwill

Through 86 years the Sun Life has grown with the public goodwill and confidence that it has earned. It not only serves every part of Canada, but has extended its services around the world, becoming a name that means dependability everywhere.

The Sun Life has always combined security with progress, finding strength in what is old, vitality in what is new. It has not only met the challenge of competition; it has been foremost in enlarging that challenge. Again and again it has pioneered with types of policies that would offer a greater choice and meet more fully the varieties of human need.

The Sun Life has been prudently enterprising in its investment policies, making its responsible contribution to the industrial economy and sharing in the prosperity it has helped to promote.

Today one of the great life insurance companies of the world, the Sun Life regards as its most cherished asset the confidence of the public in its tradition of fidelity. Such public trust and goodwill, so constantly widening, can be earned only with long years of unquestioned reliability and unfailing service.

The Sun Life faces the years ahead with the prestige that such a record confers and with the incentive that such a record inspires.

Highlights OF THE 86th ANNUAL REPORT

NEW LIFE INSURANCE IN 1956

\$854,865,876

an increase of \$93 million

TOTAL LIFE INSURANCE NOW IN FORCE

\$7,030,293,309

represented by 1,998,379 individual policies and Group insurance certificates

PAID TO POLICYHOLDERS AND BENEFICIARIES

\$137,856,243 during 1956

\$3,140,844,382 since 1871, when the first Sun Life policy was issued

ASSETS AT DECEMBER 31st, 1956

\$2,008,903,805

an increase of \$60 million

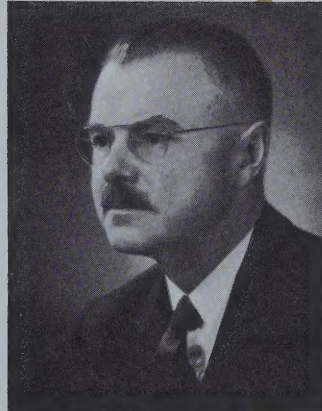
POLICYHOLDERS' DIVIDENDS IN 1957

\$31 million will be paid in dividends to policyholders — another increase in scale which will further reduce the cost of life insurance to participating policyholders

• • • **Company sold over \$854 million —
highest in 86 years**

• • • **People should save more
through life insurance**

I have pleasure in presenting on behalf of the Directors the Company's Annual Report for the year 1956. The year has been characterized by a very high level of business activity, combined with an intensified demand for capital goods. Full advantage has been taken of this favourable atmosphere for the sale of life insurance, and more life insurance was sold by the Company in 1956 than in any other year in its history. In the life insurance business, saving is an inherent feature, and those who seek personal security through life insurance assist in the well-being and



GEORGE W. BOURKE,
President

advancement of their country's economy. By mobilizing the savings of millions of policyholders, life insurance is playing a vital part in providing the funds needed for the tremendous capital expansion that is taking place to-day. In this important sphere of operations we have continued to play a progressive role.

NEW BUSINESS

The amount of new life insurance sold by the Company in 1956 exceeded the amount sold in 1955 by almost \$100,000,000 and established an all-time record for the Company of \$854,865,876. In Canada, our new business increased by almost 40% over 1955. A substantial increase in Ordinary business took place in the United States and Great Britain, as well as in other countries where the Company operates.

Prosperous business conditions alone do not account for the substantial volume of business sold. An enthusiastic and efficient

agency force is required to present our product to the public, and this force must be expanded continually to meet the needs of a growing population. A capable and highly-trained office staff is required to handle the increased volume of business at a reasonable cost and to provide efficient service to the Company's policyholders. Our insurance plans and premium rates must meet the needs of the insuring public in a highly competitive market. The increased volume of new business during 1956 shows that our Company is meeting these demands.

Group life insurance again contributed materially to our new business, amounting to \$259,296,588, or 30% of the total. The value of group insurance lies in the facility with which it can be used to provide, at low cost, a wide distribution of insurance to large numbers of employees. It supplies a valuable, basic form of protection which can readily be supplemented by individual policies to provide a complete insurance programme.

During 1956 new annuity contracts, including individual annuities and group pensions, were issued guaranteeing payments of \$4,176,118 per annum—an increase of 34% over the year 1955. Group pension plans have accounted for this increase, which indicates that more and more business concerns are finding it to their advantage to provide their employees with generous insurance and retirement programmes on a guaranteed basis.

To protect his family is one of man's nobler instincts; to make provision for his old age is just plain common sense. To do these things he is turning more and more to life insurance—and his needs are met.

BUSINESS IN FORCE

In the year 1925, after fifty-five years of service to the public, the Company had in force the first \$1,000,000,000 of life insurance. During 1952 the \$5,000,000,000 mark of life insurance was passed. 1956 marked another



milestone when we passed the \$7,000,000,000 mark, our life insurance in force now amounting to \$7,030,293,309.

The increase in insurance in force during the year was \$570,082,085, or 8.8%. This increase would have been even larger had it not been that in January, 1956, all life insurance business in India was nationalized and our Indian business, along with that of all other life insurance companies operating in India, was taken over by a Government-owned corporation formed for the purpose. Throughout the Company's history, we have played an important international role, and we deeply regret having to cease operations in a country where we had established and maintained a very favourable reputation over a period of sixty years.

Group life insurance included in the total insurance in force amounted to \$2,543,037,967, representing an increase for the year of 13.6%. Our Annuity business has also continued its growth and, at the end of 1956, annuities

payable currently and in future totalled \$162,521,323 per annum under group pension plans and individual contracts. This amount of annuities in force is equivalent to \$2,145,281,464 of life insurance.

Life insurance and annuity business combined are the equivalent of a total of \$9,175,574,773 of life insurance. The division of this figure among the various major territories in which the Company operates is: Canada—\$4,514,509,662, or 49%; United States—\$3,304,886,136, or 36%; Great Britain and other Commonwealth countries—\$1,142,813,067, or 13%; elsewhere throughout the world—\$213,365,908, or 2%.

BENEFIT PAYMENTS

The service which a life insurance company furnishes to its policyholders is measured to a large extent by the amount which it provides in benefits. As the number of policyholders

and the amount of insurance increase, it is to be expected that benefit payments will also increase. An amount of \$137,856,243 was paid or credited to policyholders and beneficiaries during 1956, the largest amount ever distributed by the Company in any one year. The total payments since the organization of the Company now amount to \$3,140,844,382.

A primary function of life insurance is to provide funds for the family when the normal source of family income is cut off through the death of the breadwinner. The extent to which the Company's policies contribute to family welfare in this way is shown by the fact that \$43,544,071 of the amount paid during the year represented death benefit payments to the beneficiaries of deceased policyholders. With increased longevity, payments to living policyholders have increased. The Company paid out during the year to living policyholders and annuitants an amount of \$94,312,172. This total included policyholders' dividends, endowments, cash values,

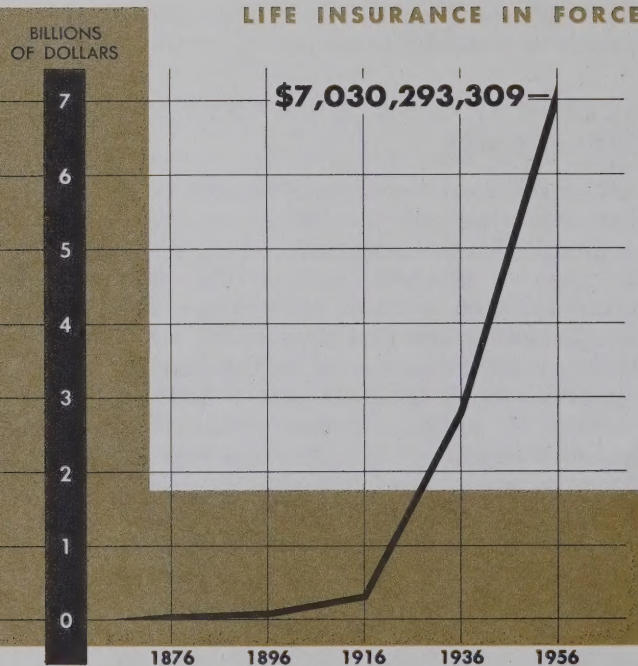
disability and accident and sickness benefits, and annuity payments.

ACCIDENT AND SICKNESS INSURANCE

With the rapid expansion of Group insurance, there has been a growing demand to supplement life insurance with various forms of insurance protection against the costs incurred through accident and sickness. The development of new and more varied forms of cover made it desirable for the Company to engage actively in the Sickness and Accident business. We entered this line of business in Canada on January 1st, 1956, and hope to extend our operations in the future.

During the first year of operations, benefits were provided under 52,573 certificates of insurance to 149 groups of employees. The annual premiums corresponding to the business in force at the end of the year amounted to \$630,540, and the funds to

LIFE INSURANCE IN FORCE



guarantee the future benefits amounted to \$1,060,312. Underwriting results were satisfactory, and we expect that this business will prove to be successful.

In this country, as in others, there has in recent years been a growing demand for protection against the increasing costs of illness arising from accident or disease. Medical knowledge has been progressing rapidly as evidenced by the decreasing rate of mortality, but it has been a problem to place the new and improved methods of treatment within the reach of the general population. The costs of minor illnesses for very short periods of sickness can be met without undue strain on the family budget, but in prolonged illnesses hospital costs, along with surgical and nursing fees, present a serious problem to the average family particularly, as is most frequently the case, if earnings cease at the same time. Group Accident and Sickness insurance makes it possible for the individual, with the co-operation of his employer, to

insure against these costs. A wide variety of benefits is available to meet the many expenses that may arise from accident or disease in amounts which depend upon the average needs of the group.

ASSETS

During the year 1942—seventy-two years after the Company commenced business—the assets reached the \$1,000,000,000 mark. During 1956, after only a further fourteen years, the \$2,000,000,000 mark was passed, the amount at the end of the year being \$2,008,903,805. I have already stated that, during the year, our business in India was nationalized, and assets of an amount approximately equal to the decrease in our actuarial reserves resulting from the termination of our liability under policies in India were taken over. Even after this transfer, an increase in assets of \$60,126,857 took place during 1956.

The increase in assets during 1956 was distributed in varying degree over the different classes in which the funds of the Company are invested. Since security of principal is paramount in the investment operations of a life insurance company, its funds must be placed in various types of investments and widely spread geographically in order to obtain the additional security which results from diversification.

During the year 1956, even though tighter credit conditions existed in Canada and in the United States, we advanced some \$89,000,000 in new mortgage loans throughout the two countries. Thus we have again provided a very substantial amount of money for the construction of new homes and for the expansion of various types of business enterprises. Our mortgage loan account increased to \$460,983,415. We also made substantial investments amounting to \$13,000,000 in real estate for the production of income. This is a relatively new outlet for life insurance funds

in both Canada and the United States.

During the past year, as a result of the great demand for funds, interest rates have increased, and the Company found it advantageous to place additional funds in new issues of industrial, public utility and other miscellaneous bonds returning a higher yield. Common stocks continue to be an important section of our investment portfolio and were increased by \$14,189,553 during 1956.

At the present time there is a very great demand for capital in Canada to meet the needs of business expansion and for the development of new enterprises. The life insurance companies have provided a large proportion of these funds. It is frequently suggested that the life insurance companies should make funds available for new enterprises of a speculative nature. As a matter of fact, the record of the life insurance industry in providing senior capital for soundly conceived new enterprises has been a good one. By providing bond or mortgage money, the

industry has joined with business management in supplying development capital for new enterprises. The trustee nature of life insurance funds makes their investment in the equity of new, untried projects undesirable as a general rule.

The upward trend in current interest rates naturally resulted in a decline in the market value of our bond holdings during the year, but despite this decline the actual market value exceeds the book value at which stocks and bonds are carried in the financial statement of the Company.

INTEREST RATE

Reflecting a level of demand for capital funds greater than the growth in the supply of savings, there has been a marked increase in interest rates during the past year in most countries where the Company operates. The Company, therefore, has been able to obtain a better yield on its new investments. The

success of the year's investment operations is reflected in the interest rate earned on the Company's assets, which has increased from 4.17% in 1955 to 4.32% in 1956. The net interest rate for 1956 after deduction of investment taxes and investment expenses was 4.05%.

Because of the existing urgent demand for additional capital, the immediate outlook is for a continuation of the current higher interest rates. Variations in interest rates play an essential part in controlling the relationship between available savings and demand for capital, and should be free to operate in such a way as to maintain a balanced economy if the dangers of inflation are to be averted. Periods of high interest rates are favourable to a life insurance company to the extent that an increased yield on its investments enables the company to provide insurance at a lower cost to its policyholders. However, any feature of the economy that may indicate a condition of

GROWTH IN ASSETS

MILLIONS OF DOLLARS

2000

\$2,008,903,805 =

1600

1200

800

400

1876

1896

1916

1936

1956

ANALYSIS OF ASSETS — DEC. 31st, 1956

Bonds—Government, Provincial, State,	
Municipal, etc.	18.13%
Public Utility	18.70
Industrial	16.58
Other	6.61
Total Bonds	60.02
Stocks—Preferred and Common . .	7.66
Mortgages	22.95
Cash and Miscellaneous.	9.37
	100.00%

precarious stability is to be regretted and, for that reason, sudden changes in the level of the interest rate must be regarded with some misgivings until relative stability is again reached. If high interest rates do not hold inflation in check, then they are of no value to the investor.

LIABILITIES

In line with the increase in our insurance and annuity business, there has been a corresponding increase in the actuarial liabilities under insurance and annuity contracts, which now amount to \$1,577,129,338. This is by far the largest liability item and represents the amount required, together with future premiums and interest earnings, to guarantee the payment of benefits to policyholders and annuitants. In the calculation of the actuarial liabilities, the assumptions made as to future mortality experience, interest earnings, and expense rates, are conservative, and provide

ample margins over statutory requirements. Policy proceeds and other amounts left with the Company at interest for future distribution to policyholders and beneficiaries amounted to \$179,125,211. This figure indicates the extent to which policyholders and beneficiaries entrust their funds to the Company after they have actually become payable.

INCOME

The total income of the Company for the year 1956 was \$312,603,904. Insurance premiums totalled \$157,413,889, and annuity premiums \$36,659,384. Income from interest, dividends and rents showed a substantial increase of \$4,639,524, amounting in total to \$82,131,295. Net profit from the sale and redemption of securities amounted to \$8,188,-191. A large part of this profit has been credited to Investment Reserve to provide against possible future fluctuations in security values.

GROWTH IN BENEFIT PAYMENTS

MILLIONS
DOLLARS



Paid to living policyholders
and annuitants. . . . \$ 94,312,172

Paid to beneficiaries of
deceased policyholders . 43,544,071

\$137,856,243

EXPENDITURE

Payments to policyholders and beneficiaries constitute the largest item of expenditure. Next in importance and similar in nature, since it represents amounts set aside to meet payments to policyholders and beneficiaries in the future, is the item of additions to policy liabilities, which amounted to \$83,378,715.

Agency commissions and operating expenses have both increased in general relation to the increase in volume of business. Since expenses play an important part in determining the cost of insurance, expense studies and investigations into alternative methods of operation are being made continuously. In this connection, I would like to refer briefly to a particular study which has engaged our attention during the past three or four years. Careful study has been given to the adaptation to our operations of large-scale electronic computers now available. Our studies

BENEFITS
PAID
DURING

956

have enabled us to reach the decision that this type of computer will eliminate a large volume of routine work, produce worthwhile reductions in expenses, and improve our services to policyholders. An order, the first by any Canadian life insurance company, has consequently been placed for the delivery of one of these computers to the Company during 1957. Its acquisition will require very extensive changes in our statistical, valuation and accounting procedures. Storage of the tapes which form our new records will occupy only a few square feet of floor space as compared with the hundreds now required for the punched cards. In processing the tapes, the computer will perform thousands of calculations per second—a speed many times faster than that possible using our present system. Much routine work will be eliminated, leaving work of a more highly skilled and interesting nature, which will prove beneficial to our continuously growing staff.

DIVIDENDS

The Company is again adopting new dividend scales, effective April 1st, 1957, which will result in an increase in the total amount to be paid in dividends to the holders of participating policies. As a result of this increase, and also because of the increase in business in force, the Company will pay out in dividends to policyholders during 1957 \$31,041,276, which is about \$2,700,000 more than the amount paid in the previous year, and is more than twice the amount paid out during the year 1948, just nine years ago. It gives us a great deal of satisfaction to announce this increase in dividends, which results in a further reduction in the cost of insurance to our participating policyholders.

Regular quarterly dividends of \$1.00 per share were paid to shareholders during 1956. An extra dividend for the year of \$0.70 was declared payable January 1st, 1957. I am pleased to report that the total dividends

MILLIONS
OF DOLLARS

30

25

20

15

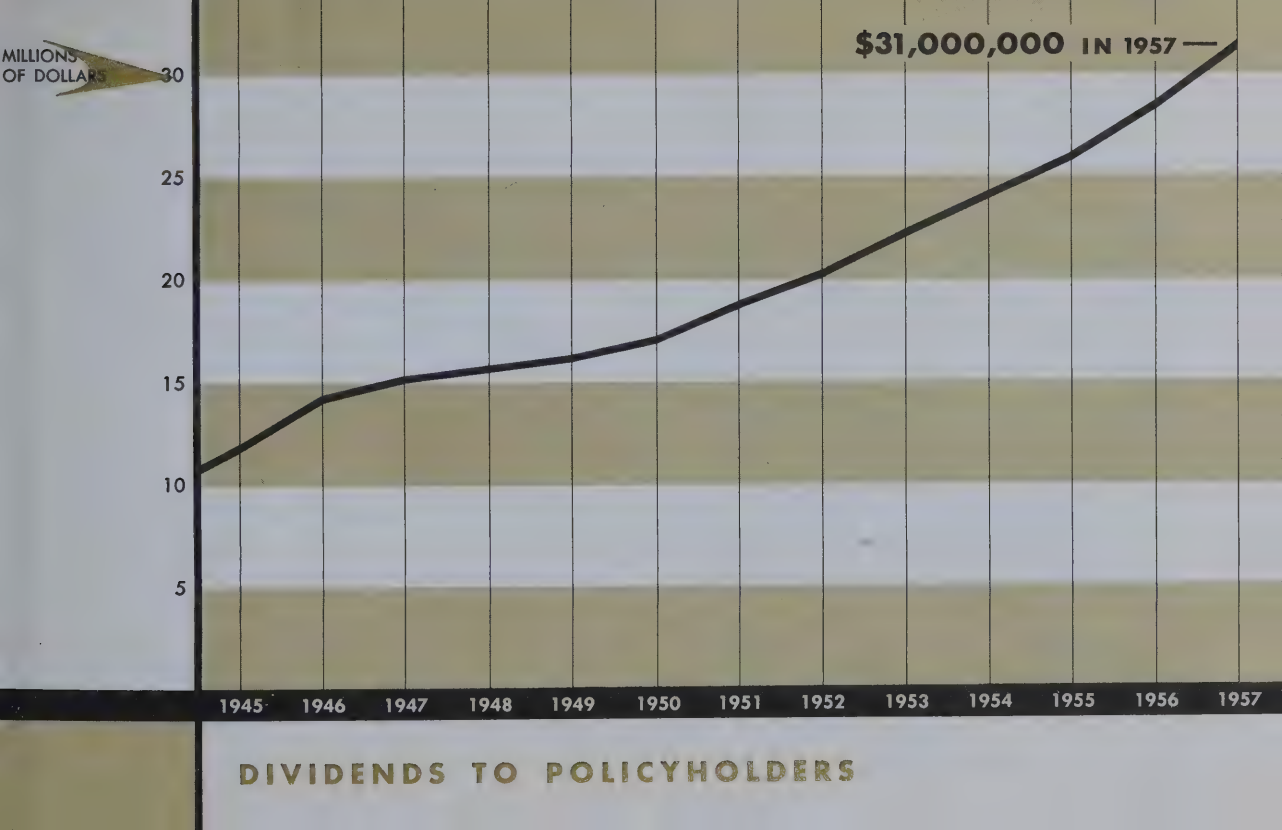
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\$31,000,000 IN 1957 —

1945 1946 1947 1948 1949 1950 1951 1952 1953 1954 1955 1956 1957

DIVIDENDS TO POLICYHOLDERS



declared for the year amounted to \$4.70 a share, compared to \$4.15 for the year 1955.

EARNINGS

The surplus earnings from normal insurance operations are the amounts left over from the premium and interest income after making payments to policyholders, beneficiaries and annuitants, after meeting operating expenses and taxes, and after providing for the necessary increases in actuarial liabilities. These earnings for the year 1956 amounted to \$42,342,488, as compared with \$40,867,353 in 1955. The higher interest rate earned and the continued favourable mortality experience, together with the increased business in force, have accounted for this increase in earnings. Additional earnings of \$8,188,191 were realized from the sale and redemption of securities. Of the surplus earnings, \$32,212,522 was used to set up the liability for the payment of dividends to policyholders

in the year 1957, and for crediting the shareholders' account with the appropriate allocation. The balance was used to increase the investment reserve by \$5,000,000, to add \$7,883,462 to the Company's surplus, and for other liability items. The surplus, which now amounts to \$141,452,651, operates as a safety margin to ensure that the responsibility of the Company to its policyholders will be fully carried out despite any contingency that might arise.

MORTALITY

Any advancement in medical knowledge which serves to increase the span of human life or, in other words, to decrease the rate of mortality, is of great importance to a life insurance company, since the cost of life insurance depends to a large extent upon this factor. It is, therefore, to the advantage of the companies and their policyholders, both from the point of view of cost and as a service

to the community as a whole, to assist the cause of medical research. To this end, life companies in Canada and the United States have been contributing substantial sums to finance various medical research projects. Diseases associated with the heart and circulatory system have, in recent years, accounted for more than half the death claims paid by the companies and, consequently, a large part of the contributions made by the companies is now going to support research in this field. Cancer, which currently accounts for about 20% of all claims, has also received considerable attention, while other medical research projects have received our support in amounts depending upon the need and the circumstances. In 1956 we contributed \$302,293 for public health, research and welfare.

DIRECTORS

I regret to report that shortly after the last

Annual Meeting the Board suffered a grievous loss in the death of Mr. Harold Crabtree, who had been a member since January, 1942, and had rendered outstanding service to the Company.

Mr. Crabtree was a man who was always ready to devote his time and manifest abilities to enterprises and endeavours outside his own particular interests, both in the field of business and in community life. His clarity of mind, his broad vision, and his great tenacity of purpose had, for many years, marked him as one of the country's outstanding business leaders. Personally he was the most modest and unassuming of men, who went his way quietly and never sought credit or reward for his conspicuous achievements. Canada has lost a distinguished citizen whose life and work will be held in grateful remembrance.

At the beginning of December the Board elected Mr. Alistair M. Campbell, F.I.A., F.S.A., as a member of the Board and

appointed him Executive Vice-President of the Company. Mr. Campbell has had an outstanding record in the active ranks of the Company. He entered our service in 1928 and made rapid progress from the start. His professional qualifications and wide experience in the life insurance industry will make him a most welcome and valuable addition to the Board's membership.

STAFF

I wish to take this opportunity to pay a tribute to our agency organization and the staff of the Company for the great part they have played in making 1956 such a successful year in the Company's history. The high reputation which we enjoy as a Company is but a reflection of the ability, devotion and loyalty of all who serve our Company, and we in turn seek to provide for them satisfaction in their daily work, security and opportunity.

SAVINGS AND THE FUTURE

Business activity to-day is the highest ever recorded. Indications are that capital expenditure will continue at a high level into the foreseeable future. The problem is to continue these prosperous conditions by wise management in both public and private affairs, so that excessive boom conditions are avoided and thereby depressed conditions averted. When we say that money is tight, it simply means that we have been trying to expand our consumption, our productive facilities and our services faster than our capacities for doing so permit.

A balanced economic growth is to be desired, and to achieve this, capital expansion must be matched by a corresponding level of saving. The present record rate of growth must be balanced by a greater level of saving than we have ever seen before. Saving on this scale can only be achieved if it is practised by

a great number of people and in larger amounts. By permitting the market to function as a regulator between supply and demand, higher interest rates will tend to dampen the demand for funds on the one hand, and on the other to stimulate savings. Life insurance, which is one of the principal financial reservoirs of the nation, presents to everyone a systematic and continuous means of saving in addition to the protection which it affords. The rate of growth of a nation will depend on the ability and willingness of the people to save. The life insurance business can and will play an important part in achieving this worthwhile objective. Under prevailing conditions, more people can provide more life insurance protection for their

families at a better price than during the long years of easy money which ate away the desire to save.

With the prospect of continued expansion, the volume of new life insurance will continue to grow. In the highly competitive atmosphere in which we operate, the Sun Life will continue to be responsive to public needs and anxious at all times to improve the service we have to offer. With a greater financial capacity of people to enter into insurance and annuity contracts, with our Company intent on developing and improving needed insurance protection, and with the type of dynamic sales organization we have to distribute our services, the outlook for your Company's continued growth is an optimistic one.

DURING THE YEAR

WE RECEIVED

Premiums for insurances	\$157,413,889
Premiums for annuities	36,659,384
Policy proceeds and other amounts left at interest for future distribution to policy- holders and beneficiaries	28,211,145
Interest, dividends and rents	82,131,295
Net profits from the sale and redemption of securities after adjustment of asset values	8,188,191
	<u>\$312,603,904</u>

AND DISTRIBUTED IN

Payments to policyholders and beneficiaries:

Death benefits	\$43,544,071
Disability, accident and sick- ness benefits	1,994,939
Matured endowments	27,210,030
Annuity payments	10,633,878
Dividends	28,368,398
Surrender values	26,104,927

\$137,856,243

Payments of policy proceeds and other amounts previously left at interest

31,437,284

Additions to policy liabilities required for future payments to policyholders and beneficiaries

83,378,715

Amounts credited (before taxes) to share- holders

1,171,246

Agency commissions

11,428,192

Operating expenses

26,939,979

Government taxes

6,456,490

Public health and welfare contributions

302,293

Addition to accident and sickness insurance fund

750,000

Addition to investment reserve

5,000,000

Increase in surplus

7,883,462

\$312,603,904

AT THE END OF THE YEAR

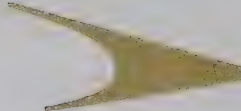
WE HELD ASSETS

Bonds — Government, municipal, public utility and other.....	\$1,205,720,298
Stocks — Preferred and guaranteed.....	27,123,960
Stocks — Common.....	126,797,982
Mortgage loans on homes, industrial plants, etc.....	460,983,415
Real estate — Company buildings.....	12,846,553
Real estate — Held for investment.....	30,902,815
Loans to policyholders on their policies....	81,800,489
Outstanding premiums.....	13,690,357
Interest and rents due and accrued.....	17,393,516
Cash.....	28,707,945
Other assets.....	2,936,475
	<u>\$2,008,903,805</u>

TO MEET LIABILITIES

Actuarial liabilities:

Insurances.....	\$1,097,793,822
Annuities.....	479,335,516
	<u>\$1,577,129,338</u>
Policy proceeds and other amounts left at interest for future distribution to policyholders and beneficiaries.....	179,125,211
Reserves on Company pension plans.....	13,280,825
Policy benefits in process of payment and provision for unreported claims.....	18,111,272
Provision for dividends payable to policyholders during the year 1957.....	31,041,276
Taxes and expenses due and accrued.....	7,197,327
Actuarial and other liabilities under accident and sickness insurance.....	1,038,326
Miscellaneous liabilities.....	11,106,134
Investment reserve.....	25,000,000
Capital Stock \$2,000,000 and Shareholders' Account \$2,421,445.....	4,421,445
Surplus.....	141,452,651
	<u>\$2,008,903,805</u>



AUDITORS' REPORT

SUN LIFE ASSURANCE COMPANY OF CANADA,
MONTREAL

We have made an examination of the statement of Assets and Liabilities of the Sun Life Assurance Company of Canada as at December 31, 1956 and of the related statement of Income and Expenditure for the year 1956. In this connection we made a general review of the Company's accounting methods and examined or tested the accounting records and other supporting evidence. We have obtained all the information and explanations which we required.

The securities in which the funds of the Company are invested were verified by personal inspection or by certificates obtained from depositaries. The securities are carried and shown in the statement of Assets and Liabilities at book values. The total book value of the securities is less than the total of the actual market values prescribed by the insurance law of Canada.

The Actuarial Liabilities of the Company under the various insurance and annuity contracts have been certified to by the Actuary of the Company and accepted by us.

We report that in our opinion the attached statements of Assets and Liabilities and of Income and Expenditure are properly drawn up so as to exhibit a true and correct view of the financial position of the Company at December 31, 1956 and of the results of its operations for the year then ended, according to the information and explanations obtained by us and as shown by the books and records of the Company.

(Signed) P. S. ROSS & SONS,
Chartered Accountants.

MONTREAL, February 4, 1957.

The Annual Meeting of the Sun Life Assurance Company of Canada is held at its Head Office in Montreal at half past two o'clock in the afternoon on the second Tuesday in February of each year. Policyholders are cordially invited to be present.

Every person who has contracted with the Company for a participating policy, and who holds such a policy upon which no premiums are due, is a member of the Company and is entitled to attend and to vote in person or by proxy at general meetings of the Company. Any policyholder who qualifies as a member may obtain a blank form of proxy on request therefor in writing to the Secretary of the Company.

SUN LIFE SERVICE SPANS THE WORLD

CANADA

47 BRANCHES

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BRANTFORD J. W. MALONEY, C.L.U.
Bank of Montreal Chambers
CALGARY G. S. HOUGHTON
Greyhound Bldg.
EDMONTON R. A. COULTHARD
Empire Bldg.
GUELPH J. D. VANCE, C.L.U.
69 Macdonnell St.
HALIFAX H. BRYNJOLFSON, C.L.U.
United Service Corporation Bldg.
HAMILTON J. F. SMITH, C.L.U.
Sun Life Bldg.
KINGSTON D. J. DAY, JR.
74 Brock St.
LONDON D. E. PEGG
267 Dundas St.
MONCTON M. M. KEITH
Ogden Bldg.
MONTREAL (Ten Branches)
Sun Life Bldg.
 Cartier J. DEROME, C.L.U.
 LaSalle P. MADORE
 Mansfield J. M. CHERNIN
 Mount Royal H. E. MACK
 St. James W. E. LALONDE

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 4246 Jean Talon St. East:
 Jean Talon G. LANGEVIN
 2660 Victoria Ave:
 Snowdon L. RODMAN, C.L.U.
 Van Horne R. J. BAKER
 Victoria & Western Aves:
 Westmount A. M. NOSWORTHY
NEW WESTMINSTER H. J. COWHIG
318 Sixth St.
NORTH BAY F. S. MOUNT
225 McIntyre St., W.
OTTAWA (Two Branches)
 65 Bank St:
 St. Lawrence A. D. EVANSON
 1302 Wellington St:
 Parkway J. W. FINLESS
PETERBOROUGH
 K. C. DALRYMPLE, C.L.U.
202 King St.
PRINCE GEORGE L. F. KNIGHT
1378 Fifth Ave.
QUEBEC (Two Branches)
 Quebec Power Bldg:
 North Shore G. A. BEAUDRY, C.L.U.
 South Shore H. R. DuSAULT
REGINA H. B. HOWARD, C.L.U.
2250 Albert St.
SAINT JOHN D. W. SIMMS
Canada Permanent Bldg.
SHERBROOKE G. A. ST-PIERRE
Sun Life Bldg.

ST. JOHN'S, Nfld. T. F. HOMER
Royal Bank Chambers

TORONTO (Nine Branches)

60 Victoria St:
 Queen J. M. TORY, C.L.U.
 University L. N. EARL, C.L.U.
 Victoria A. L. BRAZIER, C.L.U.
 York R. A. DORRELL, C.L.U.
 60 Avenue Rd:
 Bay E. CLIFFORD MARR, C.L.U.
 3185A Bathurst St:
 Forest Hill B. HERBERMAN, C.L.U.
 191 Eglinton Ave., E:
 Mount Pleasant K. P. HANZLIK
 669 Bayview Ave:
 Nottown L. P. McQUADE, C.L.U.
 900 Yonge St:
 Yonge J. KEEFFE, C.L.U.

TRAIL H. A. SHANNON
West Kootenay Bldg.

TROIS RIVIERES M. LAJOIE
Auger Bldg.

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Royal Bank Bldg:
 Vancouver & Island L. O. WRIGHT
 14th Ave. & Arbutus St:
 Vancouver & Okanagan
 F. J. FULTON, C.L.U.

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635 Ouellette Ave.

WINNIPEG H. A. FAIRBAIRN
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16001 West Seven Mile Road

GRAND RAPIDS K. Z. HOWLAND
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GREENSBORO W. S. PITTMAN
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Century Bldg.

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LOUISVILLE E. L. YEAGER
Heyburn Bldg.

MANCHESTER, N.H. W. G. BETTS
839 Elm St.

MEMPHIS
Sterick Bldg.

MIAMI W. KEITH PHILLIPS
759 W. Flagler St.

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Raymond Commerce Bldg.

NEW HAVEN F. W. MERSELIS
36 Whitney Ave.

NEW ORLEANS G. J. ACKEL
3301 Tulane Ave.

OAKLAND P. D. METZGER
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SAN FRANCISCO C. H. POTTIER
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HAMILTON	E. B. PAUL
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- • Sun Life's efficient and friendly agency service is available throughout North America and in 25 countries around the world.
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